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SIPDIS

FOR WHA/CAN

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SUBJECT: NO END IN SIGHT TO LENGTHY ATLANTIC CANADA TELECOMS STRIKE

1. SUMMARY: How Bell Canada fares in its talks with its unionized workforce could have an impact on a 13-week strike by communication workers in Atlantic Canada, employed by Aliant Communications. Industry watchers believe Bell, the major shareholder in Aliant, is pressuring the Aliant negotiators not to make any concessions to its workforce's demands for fear of a ripple effect in its own labor negotiations in Ontario. END SUMMARY.

2. Representatives of Aliant, the largest communication service company in Atlantic Canada, and its striking unions broke off talks on July 16 with no progress on ending a prolonged labor dispute. The 4,000 unionized workers have been on strike since April 23 when both sides could not reach an agreement on a new contract. Issues include health and pension benefits, higher wages and limits on contracting out services. The union members account for two-thirds of the company's workforce and are presented by the Council of Atlantic Telecommunications Unions. There are no other meetings planned and union members are vowing to stay on the picket line indefinitely.

3. Industry watchers believe that Aliant's failure to reach an agreement with its union is linked to Bell Canada's negotiations with its own unions in Central Canada. Bell is the majority shareholder in Aliant and analysts believe that Bell does not want the Aliant negotiators to make any concessions to its workforce until after Bell has concluded its own deal. In the meantime Aliant has retrained and reassigned its 1800 management employees, but the company conceded recently that it was suffering as well as the union members from the effects of the strike. Since the company is the major provider for telephone, wireless, Internet, e-commerce and network services in Atlantic Canada, there are worries over the long term effect on the communications industry in the region. Under the circumstances Aliant officials, union leaders, industry analysts and consumers alike will be highly interested bystanders as the Bell labor situation unfolds.

HILL